

SACCOMANNO, CLEGG, MARTIN & KIPPLE
ATTORNEYS AT LAW
800 ALLIED BANK PLAZA
HOUSTON, TEXAS 77002
(713) 654-4488

RICHARD D. SULLIVAN
PARTNER

September 29, 1986

Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Secretary:

I have enclosed an original and one copy/counterpart of the documents described below, to be recorded pursuant to Section 11303 of Title 49 of the U. S. Code.

1. Assignment of Lien: This document is an assignment and is a secondary document dated September 26, 1986 and the document to which it is connected is recorded under Recordation No. 14137.

We request that the Assignment be cross-indexed.

The names and addresses of the parties to the documents are as follows:

1. Allied Bank - West Loop
1300 Post Oak Blvd.
Houston, Texas 77056
2. Allied Bank of Texas
1000 Louisiana
Houston, Texas 77002

A description of the equipment covered by the documents follows:

One (1) 33,000 gallon nominal capacity Tank Car, DOT112J340W, coiled insulated, 100 ton Roller Bearing Truck bearing the number GLNX 32016 and all additions and accessories thereto, rentals and profits therefrom all accounts, chattel paper and general intangibles with respect thereto including without limitation all right, title and interest of Debtor in and to that certain Agreement between Debtor and GLNX Corporation and all right to receive and collect all rentals, liquidated damages, proceeds of sale, all per diem mileage of payments now or hereafter to become payable under such lease or with respect to such equipment.

A fee of \$10.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to Richard D. Sullivan, Saccomanno, Clegg, Martin & Kipple, 800 Allied Bank Plaza, Houston, Texas 77002.

Very truly yours,


Richard D. Sullivan
For the Firm

RDS:jbp
Enclosures

6-279A066

No.

Date OCT 6 1986

Fee \$ 10.00

ICC Washington, D.C.

RECORDATION NO. 14137
OCT 6 1986 3-50 PM
INTERSTATE COMMERCE COMMISSION
TH. STONE
OCT 6 3 46 PM '86
MOTOR VEHICLE UNIT
Filed & Recorded

JOHN SPELLMAN
Governor



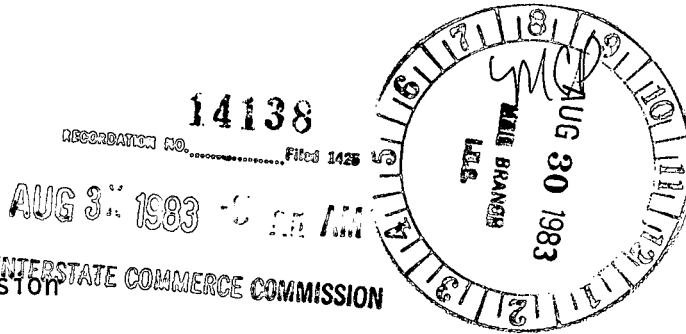
DUANE BERENTSON
Secretary

STATE OF WASHINGTON
DEPARTMENT OF TRANSPORTATION

Highway Administration Building • Olympia, Washington 98504 • (206) 753-6005

August 26, 1983

Secretary
Interstate Commerce Commission
Washington, D.C. 20123



Dear Sir:

Pursuant to 49 USC 11303, the Washington State Department of Transportation hereby files the enclosed liens on railroad locomotives with the Interstate Commerce Commission.

Sincerely,

ROBERT S. NIELSEN
Assistant Secretary for
Planning, Research, and
Public Transportation

By: JOHN F. CONRAD, Manager
Multimodal Branch

JFC:ph
RA

Enclosures

RECEIVED
AUG 31 9 25 AM '83
I.C.C.
FEE OPERATION BR.

Interstate Commerce Commission
Washington, D.C. 20423

8/31/83

OFFICE OF THE SECRETARY

Robert S. Nielsen
Assist. Sec.
Depart. Of Transp.
Highway Adminst. Bldg.KF-01
Olympia, Washington 98504

Dear **sir**:

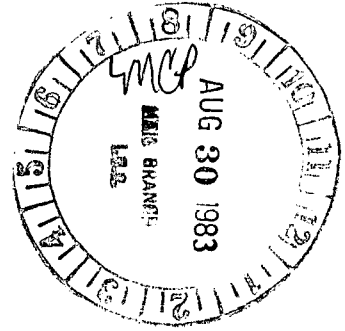
The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **8/31/83** at **9:35am**, and assigned re-recording number(s). **14138**

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

14138
RECORDATION NO. _____ Filed 1928
AUG 30 1983 - 9 55 AM
INTERSTATE COMMERCE COMMISSION



AGREEMENT BETWEEN

ARTHUR G. ALLEN, JR.

AND

THE STATE OF WASHINGTON

RESPECTING A LIEN ON A LOCOMOTIVE

This Agreement made and entered into this 25th day of August, 1983, between the STATE OF WASHINGTON, acting through the Washington State Department of Transportation, hereinafter called the "STATE," and ARTHUR G. ALLEN, JR., hereinafter called the "LIENEE".

The parties do hereby agree as follows:

WHEREAS, the STATE is loaning Seattle and North Coast Railroad funds available through the local Rail Service Assistance Program under Agreement UC 2229; and

WHEREAS, the STATE requires security for the value of the loaned funds; and

WHEREAS, the LIENEE is the President of Seattle and North Coast Railroad; and

WHEREAS, the LIENEE is agreeable to encumber a diesel-electric locomotive which he personally owns to provide a part of the required security for Agreement UC 2229.

NOW, THEREFORE, in order to provide said security, the parties hereto agree as follows:

SECTION I. Security

The LIENEE as a third-party beneficiary of the above-described loan does hereby grant to the STATE a lien on a 1950 (rebuilt in 1979) General Motors diesel electric locomotive, model F-7, serial number 51E156, and all parts, replacements, accessories, additions, and accessions thereto. This lien shall be collateral to secure the repayment of \$200,000.00, and shall be senior to any subsequent lien or mortgage placed on or against the property on or after the date this Agreement is executed. The LIENEE does hereby agree to do nothing to impair said collateral, and warrants that he is the sole owner of said collateral.

SECTION II. Term

This Agreement shall remain in force until any of the following events occur:

(1) Seattle and North Coast Railroad completes the purchase of the former Chicago, Milwaukee, St. Paul and Pacific Railroad line between Port Townsend and Port Angeles including Pier 27 in Seattle, Washington; or

(2) The amount of the loan outstanding to Seattle and North Coast Railroad under a separate agreement is reduced to the point where other collateral is judged by the STATE to be sufficient to repay the STATE in the event of any sale or disposition of the railroad line between Port Townsend and Port Angeles.

SECTION III. Exercise of Lien

The STATE may, in its sole discretion, take steps to exercise this lien in the event that Seattle and North Coast Railroad ceases to operate the railroad line between Port Townsend and Port Angeles formerly operated by the Chicago, Milwaukee, St. Paul and Pacific Railroad.

SECTION IV. Venue

The STATE and the LIENEE agree that any recourse to legal action pursuant to this Agreement shall be brought in the Superior Court of the State of Washington situated in Thurston County, Washington.

SECTION V. Legal Relations

(a) Indemnity

The LIENEE shall indemnify and hold the STATE and its agents, employees, and/or officers harmless from and shall process and defend at his own expense any and all claims, demands, suits at law or equity, actions, penalties, losses, damages, or costs, of whatsoever kind or nature, brought against the STATE arising out of, in connection with, or incident to the execution of this Agreement and/or the LIENEE's performance or failure to perform any aspect of this Agreement.

(b) Personal Liability of Public Officers

No officer or employee of the STATE shall be personally liable for any acts or failure to act in connection with the contract, it being understood that in such matters they are acting solely as agents of the STATE.

(c) No Waiver of State's Rights

The STATE shall not be precluded or estopped by any measurement, estimate, or certificate made either before or after the completion and acceptance of the work and payment therefor from showing the true amount and characters of the work performed and materials furnished, or from showing that any such measurement, estimate, or certification is untrue or incorrectly made, or that the work or materials do not conform in fact to the contract. The STATE shall not be precluded or estopped, notwithstanding any such measurement, estimate, or certificate, and payment in accordance therewith, from recovering from the LIENEE and its, if any, sureties, such damages as the STATE may sustain by reason of the LIENEE's failure to comply with the terms of the contract. Neither the acceptance by the STATE nor any payment for the whole or any part of the work, nor any extension of time, nor any possession taken by the STATE shall operate as a waiver of any portion of the contract or of any power herein reserved or any right to damages herein provided, or bar recovery of any money wrongfully or erroneously paid to the LIENEE. A waiver of any breach of the contract shall not be held to be a waiver of any other or subsequent breach.

SECTION VI. Changed Conditions Affecting Performance

The LIENEE hereby agrees to immediately notify the STATE of any change in conditions of the collateral, or loss of possession of the collateral or of any other event, which may significantly impair the value of the security or the rights or remedies of the STATE in relation thereto or the ability of the STATE to dispose of the collateral.

SECTION VII. Expenses of Securing Repayment

The LIENEE hereby agrees to pay to the STATE any expenses including reasonable attorney fees, to which the STATE is put to secure payment of the loan through the

personal property covered by this lien when such repayment is hindered by the activities of the LIENEE. It is agreed that 10 percent (but not less than \$3,000) of the outstanding loan represents reasonable attorney fees.

SECTION VIII. Notices

Any notice, request, consent, demand, report, statement or submission which is required or permitted to be given pursuant to this Agreement shall be in writing and shall be delivered personally to the respective party set forth below or if mailed, sent by certified United States mail, postage prepaid, to the respective parties at the addresses set forth below, or to such other addresses as the parties may from time to time advise by notice in writing. The date of receipt of any such notice, demand, request or submission shall be presumed (which presumption is rebuttable) to be the date of delivery if served personally, or if mailed as aforesaid on the seventh business day following the date of such mailing.

NOTICES IN THE CASE OF THE LIENEE:

Arthur G. Allen, Jr.
Seattle and North Coast Railroad
220 West Mercer Street, Suite 401
Seattle, WA 98119

NOTICES IN THE CASE OF THE STATE:

Assistant Secretary
Planning, Research and Public Transportation
Washington State Department of Transportation
Highway Administration Building KF-01
Olympia, WA 98504

The LIENEE hereby agrees that in the event of default, notice given to him by the STATE 10 days before the time of any public or private sale or other disposition of the collateral shall be deemed to be reasonable notice.

SECTION IX. Execution and Acceptance

This Agreement may be simultaneously executed in several counterparts, each of which shall be deemed to be an original having identical legal effect. The LIENEE does hereby ratify and adopt all statements, representations, warranties, covenants and agreements and their supporting materials contained and/or mentioned herein, and does hereby accept the STATE's offer and agrees to all of the terms and conditions hereof. The parties hereto agree that a photocopy or other reproduction of this Lien Agreement may be filed as an original to establish perfection.

SECTION X. Complete Agreement

The document contains all covenants, stipulations and provisions agreed upon by the parties. No agent, or representative of either party has authority to make, and the parties shall not be bound by or be liable for, any statement, representation, promise, or agreement not set forth herein. No changes, amendments, or modifications of the terms hereof shall be valid unless reduced to writing and signed by the parties as an amendment to this Agreement.

SECTION XI. Assignment and Succession

The covenants and agreements herein contained shall bind the LIENEE hereto, his heirs, successors and assigns, to the extent permitted herein and by law, and shall inure to the successors and assigns of the STATE.

The LIENEE may not assign or in any manner transfer either in whole or in part this Agreement or any right or privilege granted to it hereunder, nor permit any person or persons, company or companies to share in any such rights or privileges without the prior written consent of the STATE hereto had and obtained, except as otherwise provided herein.

SECTION XII. Cooperation

The STATE may require the LIENEE to assign all right of recovery against any person, organization, corporation, partnership, or other entity for loss to the extent of any loss suffered by the STATE. On assignment, the LIENEE shall execute and deliver and do

whatever else is necessary to secure the STATE's rights. The LIENEE shall do nothing after the loss to prejudice the rights of the STATE.

When the STATE has exercised its right of subrogation, the LIENEE shall cooperate with the STATE and, upon the STATE's request, assist in the conduct of suits and in enforcing any right against any person or entity which may be liable to the STATE. The LIENEE shall, without expense to the STATE, attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses.

SECTION XIII. Personal Liability

The LIENEE shall have no personal liability under this Lien Agreement; the sole remedy of the STATE under this Agreement in the event of default shall be to proceed against the property described in this Lien Agreement, the rents, issues, and profits therefrom and proceeds thereof and any further security as may have been given to secure the payment hereof; provided, however, that nothing contained herein shall limit or be construed to limit or impair the enforcement against such property and the rents, issues, and profits therefrom and proceeds thereof, of the rights and remedies of the lien holder hereof under this Lien Agreement, Agreement UC 2229, or any other security given to secure the repayment of the local Rail Service Assistance Program loan.

SECTION XIV. Forbearance by State not a Waiver

Any forbearance by the STATE in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of, or preclude the exercise of, any such right or remedy. Nor shall any single or partial exercise by the STATE of any right or remedy preclude any other or future exercises thereof or the exercise of any other, right or remedy.

SECTION XV. No State Obligations to Third Parties

No contract between the LIENEE and his contractors and/or their subcontractors, if any, shall create any obligation or liability of the STATE with regard to this Agreement without the State's specific written consent of such obligation or liability and notwithstanding its concurrence in, or approval of, the award of any contract or

subcontract or the solicitation thereof. The LIENEE hereby agrees to include this provision in all contracts entered into by the LIENEE for the employment of any individuals, procurement of any materials, or the performance of any work to be accomplished under this Agreement.

SECTION XVI. Location of Collateral

The collateral will be located in King, Clallam or Jefferson Counties, Washington State. The LIENEE will not permit the collateral to be removed from the above-stated counties without the prior written consent of the STATE.

SECTION XVII. Duties

The LIENEE will not permit any lien, secured interest or encumbrance other than that created hereby, or previously incurred, to attach to the heretofore-described collateral nor permit the collateral to be levied upon, garnished, attached or seized, nor permit the collateral to become an accession to other goods. The LIENEE will defend the collateral against the claims and demands of all persons except the STATE. The LIENEE will not sell or dispose of the collateral or any interest therein without the prior written consent of the STATE.

The LIENEE agrees to comply with any governmental regulation or statute affecting the use of the collateral, agrees neither to commit nor permit any act of waste, distribution, or injury to the collateral, and agrees not to permit the use of the collateral in any unlawful manner. The LIENEE will see to it that the collateral is kept in good repair. The STATE may inspect the collateral at reasonable times and intervals and may for this purpose enter the premises upon which the collateral is located. The LIENEE will at all times keep accurate and complete records of the collateral to which the STATE will have full access and use including the ability to make and utilize copies thereof.

The LIENEE will keep the collateral continuously insured with such carriers, and in such amount, and against such risks as shall be reasonable and as is customary for railroad businesses similar to that in which the collateral is being utilized, with the STATE named as a joint-party in the loss payable clause. All policies of insurance shall provide for thirty days written notice of cancellation to the STATE, and the STATE shall be furnished with evidence of compliance with the foregoing provisions. In the event of damage or destruction of the collateral, the STATE shall have full power to collect any and all

insurance proceeds upon the collateral, and then to hold same in an interest -bearing account until termination of this Lien Agreement or to apply such insurance proceeds to the restoration, repair, or replacement of the collateral.

The LIENEE will pay before delinquency all taxes, or other governmental charges levied against the collateral or its use, and all assessments.

At its option, and without obligation to do so, the STATE may pay any taxes, assessments, liens, security interests, or other encumbrances at any time placed against the collateral, and may pay for insurance, maintenance, repair and preservation of the collateral and any necessary expenses, including reasonable attorney fees to protect the priorities of the STATE's interests in the collateral and in exercising its rights and remedies on default. Any amount so paid shall be part of the debt secured hereby.

The LIENEE agrees to in good faith and with reasonable business care do such act or acts considered by the STATE to be necessary or desirable to protect or secure the lien hereby created.

SECTION XVIII. Effect of the Invalidity of any Provision

If any covenant or provision, or part thereof, of this Agreement shall be adjudged void, such adjudication shall not affect the validity or obligation of performance of any other covenant or provision, or part thereof, which in itself is valid, is such remainder conforms to the terms and requirements of applicable law and the intent of this Agreement. No controversy concerning any covenant or provision shall delay the performance of any other covenant or provision except as herein allowed.

SECTION XIX. Section Headings

All section headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

SECTION XX. Default

Default shall be defined as any of the following events: (1) the cessation of operation by the Seattle and North Coast Railroad of the railroad line between Port

Townsend and Port Angeles; (2) any failure to perform or observe any term or aspect of this Lien Agreement; (3) any representation or warranty made by the LIENEE herein or any financial statement given by him to the STATE or the Federal Railroad Administration to secure the lien which shall prove to have been incorrect in any material respect; (4) if the STATE in good faith believes that the prospect of repayment of the loan or the performance of this Lien Agreement is impaired; (5) if the LIENEE dies.

Upon the happening of any of the foregoing events of default, the STATE at its option may proceed against the collateral and without limiting the STATE's rights and remedies under this Lien Agreement the STATE May exercise the following rights and remedies: the LIENEE specifically agrees that the STATE may peaceably, either by its own means or with judicial assistance, enter the premises where the collateral is located and at such location take possession of the collateral, together with all parts, replacements, accessories, additions, and accessions thereto at public or private sale and he will not resist or interfere with such action. Furthermore, the STATE may require the LIENEE to locate all or any part of the collateral at any place in King, Clallam or Jefferson County, Washington, accessible to the collateral by railroad trackage.

SECTION XXI. Agreement to be Construed Liberally -
Not for the Benefit of Third Parties

This Agreement shall be construed liberally so as to secure to each party hereto all of the rights, privileges and benefits herein provided or manifestly intended. This Agreement and each and every provision hereof is for the exclusive benefit of the parties hereto and not for the benefit of any third party. Nothing herein contained shall be taken as creating or increasing any right of a third party to recover by way of damages or otherwise against the STATE.

SECTION XXII. Execution by the State

This Agreement is executed by Robert S. Nielsen, Assistant Secretary for Planning, Research and Public Transportation, State of Washington, not as an individual incurring personal obligation and liability, but solely by, for, and on behalf of the State of Washington, in his capacity as Assistant Secretary for Planning, Research and Public Transportation, State of Washington, pursuant to authority as aforesaid.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

By: Arthur G. Allen, Jr.
Arthur G. Allen, Jr.

STATE OF WASHINGTON

ss.

County of King

On this day personally appeared before me ARTHUR G. ALLEN, JR. to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 24th day of August, 1983.

Wenche B. Langsholt
NOTARY PUBLIC in and for the
State of Washington, residing
at Seattle, Washington

Approved as to Form:

STATE OF WASHINGTON
DEPARTMENT OF TRANSPORTATION

By: Franklin Augustas, 1983
Assistant Attorney General

Robert S. Nielsen
Robert S. Nielsen
Assistant Secretary
Planning, Research and
Public Transportation

Any modification, change or reformation of this Agreement requires the further approval as to form of the Office of the Attorney General.

5/Agmt5

VERIFICATION

State of Washington

County of

ARTHUR G. ALLEN, JR., having been duly sworn upon oath deposes and says that he is owner of GM, F-7 diesel locomotive, serial # 51E156 and that he has carefully examined the attached Lien Agreement between himself and the state of Washington and subscribes thereto, that he authorizes the state of Washington to file the Lien Agreement with the Interstate Commerce Commission, that he has personal knowledge of the facts and matters stated in the Lien Agreement and is able to verify such, and that all representations set forth therein are true and correct to the best of his knowledge, information, and believe.

Arthur G. Allen, Jr.

SUBSCRIBED AND SWORN to before me this 24TH day of August, 1983.

Wenche B. Langsholt
NOTARY PUBLIC in and for the
State of Washington, residing
at Seattle, Washington